

VZCZCXRO9946
PP RUEHDBU RUEHFL RUEHKW RUEHLA RUEHROV RUEHSR
DE RUEHVB #0669/01 1921506
ZNY CCCCC ZZH
P 111506Z JUL 07
FM AMEMBASSY ZAGREB
TO RUEHC/SECSTATE WASHDC PRIORITY 7922
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE

C O N F I D E N T I A L SECTION 01 OF 02 ZAGREB 000669

SIPDIS

SIPDIS

DEPARTMENT FOR EUR/SCE

E.O. 12958: DECL: 07/11/2017
TAGS: [PREL](#) [PGOV](#) [ENRG](#) [OSCE](#) [HR](#)
SUBJECT: A/S FRIED'S MEETING WITH PRIME MINISTER SANADER

REF: ZAGREB 620

Classified By: Ambassador Robert A. Bradtke for Reasons 1.4(b) and (d).

11. (C) SUMMARY: In a July 7 meeting with Prime Minister Sanader on the margins the of the "Croatia Summit," EUR Assistant Secretary Fried welcomed the Summit as evidence of Croatian leadership in Southeastern Europe. Sanader reviewed his efforts to gain support for the closure of the OSCE Mission in Croatia, following OSCE Chairman-in-Office Moratinos' public statement in support of closing the Mission. Sanader also described his recent conversation with Putin on energy issues and bilateral investment in which the Russian president tried to dissuade Sanader from going forward with the planned LNG terminal on the Adriatic Coast. Sanader reaffirmed to Putin Croatia's intent to proceed with the LNG terminal. A/S Fried briefed Sanader on the latest Kosovo developments, and urged that the final remaining issue in the U.S.-Croatia Status of Forces Agreement be resolved quickly. END SUMMARY.

12. (U) On July 7, EUR Assistant Secretary Fried, accompanied by the Ambassador, met with Croatian Prime Minister Sanader in Dubrovnik, on the margins of the "Croatia Summit" of leaders of Southeastern Europe. Sanader was accompanied by Ministry of Foreign Affairs State Secretaries Biscevic and Pejcinovic-Buric, Chief of Staff Bianca Matkovic, and "Expert Assistant" Steven Brkich.

13. (U) Fried began the meeting by handing to Sanader the signed, original text of President Bush's message to the Summit, which he had earlier read at the Summit's opening session. Fried welcomed the Summit as evidence of Croatian leadership in the region. The Summit provided an important platform to show support for Southeastern Europe's aspirations for integration into European and Transatlantic institutions.

14. (C) Sanader expressed appreciation for the message, which he described as "great," and welcomed Fried's attendance. Sander put the Summit in the context of efforts by the Adriatic Charter Three to prepare themselves for NATO and European integration. He reported that he had spoken with his Macedonian and Albanian counterparts before the meeting, and Albanian PM Berisha had informed him that he would be unable to attend because of the Albanian Presidential elections. Sanader and Fried agreed that it was more important for Berisha to remain in Tirana to deal with the Presidential election than to attend the summit.

15. (C) Referring to OSCE Chairman-in-Office Moratinos announcement at the Summit that he would recommend closure of the OSCE Mission in Croatia to the OSCE Ministerial Council in November, Sanader said he hoped to gain Serbian support for this move. He intended to call Serbian PM Kostunica, referring to his own support for Serbia's membership in the Partnership for Peace. It would be a positive message for

the region to see the two countries working together. Noting that he had found Kostunica in a "dark mood" recently, Fried wished Sanader good luck in his efforts, adding that Moratinos' recommendation for closing the Mission had been the "right thing."

¶6. (C) On Kosovo, Fried recounted U.S. efforts to gain UN Security Council passage of a resolution implementing the Athisaari proposals. The Russians had blocked the original resolution, and it appeared they would block a resolution based upon French President Sarkozy's call for further negotiations, with automaticity in implementing the Athisaari plan if Belgrade and Pristina could not come to agreement. The U.S. was now considering a third resolution, which might be the last try, that would reauthorize the presence of KFOR, and provide authorization for the EU's ESDP mission and the EU-led international presence. While this resolution might be silent on status, Fried stressed that the U.S. view had not changed that the end had to be supervised independence. The U.S. would not let the Russians indefinitely paralyze the process.

¶7. (C) Sanader noted that he had had several opportunities to talk with President Putin during his recent visit to Croatia to attend an Energy Summit (reftel). In their private conversation, Putin had asked him whether Croatia intended to build an LNG terminal on the Adriatic, arguing that this was a mistake, since Russian gas was cheaper than gas supplies from the Middle East, and implying that Russia could undercut the project. Sanader said that he had told Putin that he continued to support the project. Putin had also asked why Croatia opposed the Druzhba-Adria pipeline project to bring Russian oil to the Adriatic. Sanader told Fried that he had responded to Putin that Croatia was not

ZAGREB 00000669 002 OF 002

opposed to the project, but because of environmental concerns, Croatia believed that the project should terminate in Italy rather than on the Croatian coast.

¶8. (C) More generally, Putin had also complained that Croatia was hostile to Russian investors. Sanader commented to Fried that he remained concerned not only about Russian control over energy supplies and distribution networks, but also about Russian investments in other key industries and infrastructure projects in Southeastern Europe. This would, Sanader said, give Russia important strategic leverage over the region.

¶9. (C) Assistant Secretary Fried agreed this was a significant challenge for the region. Southeastern Europe needed foreign investment, but that investment needed to be transparent, and governments in the region needed to be watchful about investors and the source of their funds. In addition, as Georgia and Ukraine had seen, Russia was prepared to use energy for political leverage.

¶10. (C) On bilateral issues, Sanader and Fried agreed relations were excellent. Fried urged that Sanader consider the latest U.S. proposal for bringing to closure the final issue in the Status of Forces negotiation. Sanader indicated he was aware of the U.S. proposal, but had not had time to focus on it. He promised to review it in the next few days, with a view to seeing whether the negotiations could finally be concluded.

¶11. (U) A/S Fried cleared this cable.
BRADTKE